

**WINTHROP UNIVERSITY  
INTERCOLLEGIATE ATHLETICS PROGRAM**

Rock Hill, South Carolina

INDEPENDENT ACCOUNTANTS' REPORT ON  
APPLYING AGREED-UPON PROCEDURES

June 30, 2001

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State of South Carolina



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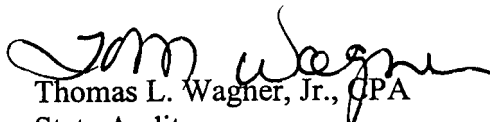
February 20, 2002

The Honorable Jim Hodges, Governor  
and  
Members of the Board of Trustees  
Winthrop University  
Rock Hill, South Carolina

This report on the review of the statement of revenues, expenditures and transfers of the Winthrop University Intercollegiate Athletics Program for the fiscal year ended June 30, 2001, and the application of certain agreed-upon procedures to the accounting records of the Winthrop University Intercollegiate Athletics Program was issued by Cherry, Bekaert & Holland, LLP, Certified Public Accountants, under contract with the South Carolina Office of the State Auditor.

If you have any questions regarding this report, please let us know.

Respectfully submitted,

  
Thomas L. Wagner, Jr., CPA  
State Auditor

TLWjr/kss



## INDEPENDENT ACCOUNTANTS' REPORT ON APPLYING AGREED-UPON PROCEDURES

Mr. Thomas L. Wagner, Jr., CPA  
State Auditor  
State of South Carolina  
Columbia, South Carolina

We have performed the procedures described below, which were agreed to by the South Carolina Office of the State Auditor and the Board of Trustees and management of Winthrop University, solely to assist these users in evaluating the performance of the University's Intercollegiate Athletics Program (IAP) and to assist the University in complying with NCAA Bylaw 6.2.3.1. for the fiscal year ended June 30, 2001. The University's Board of Trustees and management are responsible for Winthrop University's compliance with the requirements of NCAA Bylaw 6.2.3.1, the Intercollegiate Athletics Program's financial records, internal controls and compliance with applicable laws, rules and regulations. This engagement to apply agreed-upon procedures was performed in accordance with attestation standards established by the American Institute of Certified Public Accountants. The sufficiency of the procedures is solely the responsibility of the specified users of the report. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

The procedures and associated findings are as follows:

1. We obtained from management the statement of revenues, expenditures and transfers of Winthrop University Intercollegiate Athletics Program for the year ended June 30, 2001, as prepared by management of the University and shown on pages 6 and 7 in this report. We recalculated the addition of the amounts on the statement, traced those amounts to management's worksheets and agreed the amounts on management's worksheets to the 91000 & 92000 series of accounts in the University's general ledger. We discussed the nature of the worksheet adjustments with management to satisfy ourselves that the adjustments were appropriate. We found no exceptions as a result of the procedures.
2. We obtained from management a list of all outside organizations not under the University's accounting control. Such an organization has as its principal or one of its principal purposes the generating of resources for or on behalf of the University's Intercollegiate Athletics Program or the promotion of the Program. We also obtained descriptions of the University's methods for gathering information on the nature and extent of each of those organizations' activities for or on behalf of the Intercollegiate Athletics Program. We found no exceptions as a result of the procedures.
3. From management, we obtained copies of each outside organization's statement of revenues and expenditures for the University's fiscal year and confirmed the revenues and expenditures on these statements directly with responsible officials of the respective organizations. We found no exceptions as a result of the procedures.
4. We obtained from management a listing of all expenditures made directly by the respective outside organizations (not under the University's accounting control) to or on behalf of the University's Intercollegiate Athletics Program or employees to determine if they are included as revenues and expenditures on the University's Intercollegiate Athletics Program's accounting records and the Program's statement of revenues, expenditures, and transfers. We found no exceptions as a result of these procedures.

5. We requested a listing of all expenditures made directly by other external parties (e.g. related parties, foundations, individuals, business, or other organizations) for or on behalf of the University's Intercollegiate Athletics Program or the Program's employees to determine if they were included as revenues in the Program's statement of revenues, expenditures and transfers. We also obtained descriptions of the University's methods for gathering information on the nature and extent of such gifts/contributions by those parties. For fiscal year ended June 30, 2001, management told us that no expenditures by such external parties were made. We found no exceptions as a result of the procedures.
6. We scanned the Intercollegiate Athletics Program contributions revenue accounts detail to identify each individual contribution received directly that constitutes more than ten percent of all contributions received for intercollegiate athletics. For these recorded receipts, we planned to review the supporting documentation to determine if they were properly classified, to identify those received from independent outside sources (those which don't have as one of their principal purposes the promotion and support of the athletics program), and to determine that the source and value of each such contribution is disclosed in a footnote to the statement. Other than the contribution described in Note 1, we identified no other recorded individual contribution in excess of ten percent of all contributions.
7. From deposit transmittals, we randomly selected 25 receipts for intercollegiate athletics and tested them to determine if they were properly recorded and classified in the accounting records based on our review of the supporting documentation. The total of the selected receipts was 69% of the aggregate total of recorded receipts. We found no exceptions as a result of the procedures.
8. We asked management to describe specific elements of the University's internal control unique to the Intercollegiate Athletics Program's accounting system and financial reporting.
  - a. Based on the materiality of certain revenue sources as reported on the statement, we tested all recorded NCAA and conference grants, ticket sales and game guarantees and selected recorded facility leasing and concession reports to determine if the items were complete and properly classified based on a review of supporting documentation of basketball ticket sales reports prepared by coliseum director, contracts with lessees, game guarantee contracts, NCAA and conference distributions, and concession reports. The tested facility leasing documents and concession reports were chosen randomly. The total of selected items of facility leasing was 24% of the total of 31 leased events and the total of the selected concession reports were 18% of the total of recorded concession receipts. We also tested the selected recorded revenues to determine if internal control related to financial reporting over these revenues were operating as described. We found no exceptions as a result of the procedures.
  - b. Based on the materiality of certain expenditure accounts reported on the statement, we tested randomly selected recorded expenditures for contractual services, travel, uniforms, financial aid and equipment and supplies to determine if these expenditures were properly valued, properly classified, and properly authorized based on a review of vendor invoices, purchase requisitions, travel vouchers and financial aid award letters and if internal control related to financial reporting over expenditures were operating as described. The total of the selected expenditures was 13% of the aggregate of total recorded expenditures. We found no exceptions as a result of the procedures.
  - c. We asked management to describe the basis for allocating student fees to athletics and obtained from management the reconciliation of total student fees revenue. We tested the reasonableness of reported student activity fees and of student athletic fees to our estimates of those fees using prior years allocations. We found no exceptions as a result of the procedures.
9. We obtained all daily cash receipts reports for the Intercollegiate Athletics Program prepared by various program representatives. We randomly selected two of these reports, one from sports clinics and one from baseball for testing, verified their clerical accuracy, reviewed supporting documentation to determine if the receipts were properly classified, and traced the receipts to the University's general ledger accounts for the Intercollegiate Athletics Program. We found no exceptions as a result of the procedures. The totals of the tested sports clinics and baseball were 17% and 11%, respectively, of the total recorded receipts for the applicable two reports.

10. We examined guarantee contracts for all basketball games during fiscal year 2001. We compared the contract revenues to recorded revenues in the general ledger. We also compared basketball guarantee expenditures per the contracts to expenditures recorded in the program's accounts in the general ledger. We found no exceptions as a result of the procedures.
11. We obtained a schedule of athletics department salaries and agreed those amounts to the appropriate general ledger salary accounts. We estimated the related employer contributions expenditures using the University's average fringe benefits rates for comparably paid employees and compared our estimates with reported expenditures in the appropriate general ledger accounts. We identified no significant unexplained variance.

We were not engaged to, and did not perform an examination, the objective of which would be the expression of an opinion on the specified areas, accounts, or items. Accordingly, we do not express such an opinion. Had we performed additional procedures other matters might have come to our attention that would have been reported to you.

This report is intended solely for the information and use of the Governor and the users specified in paragraph one of this report and should not be used by those who have not agreed to the procedures and taken responsibility for the sufficiency of the procedures for these purposes.

*Chung, Behrnt, Holland, L.L.P.*

January 18, 2002  
Florence, South Carolina

**WINTHROP UNIVERSITY  
INTERCOLLEGIATE ATHLETICS PROGRAM**

Statement of Revenues, Expenditures and Transfers  
For the Year Ended June 30, 2001

	<u>Men's Basketball</u>	<u>Other Sports</u>	<u>Nonprogram Specific</u>	<u>Total</u>
<b><u>Revenues</u></b>				
Ticket Sales	\$ 40,869	\$ 20,642	\$ -	\$ 61,511
Guarantees	127,000	18,500	-	145,500
Coliseum Parking	-	-	3,413	3,413
Coliseum Concessions	-	12,463	41,863	54,326
Coliseum Facility Leasing	-	-	133,932	133,932
Entry Fees	-	26,047	-	26,047
Summer Camps	-	-	8,017	8,017
Insurance Claim Proceeds	-	2,039	-	2,039
Student Activity Fees	-	-	2,322,072	2,322,072
Student Athletic Fees	-	-	439,078	439,078
Advertising	50,306	25,916	1,625	77,847
Interest Income	-	-	49,691	49,691
Contributions - Restricted	25,392	42,047	-	67,439
Contributions - Unrestricted	-	-	73,561	73,561
Contributed Support - Winthrop Foundation - Note A	31,400	6,553	196,823	234,776
NCAA and Conference Grants	46,960	-	109,374	156,334
NCAA Distribution	19,998	-	-	19,998
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Total Revenues	\$ 341,925	\$ 154,207	\$ 3,379,449	\$ 3,875,581

**WINTHROP UNIVERSITY**  
**INTERCOLLEGIATE ATHLETICS PROGRAM**

Statement of Revenues, Expenditures and Transfers  
For the Year Ended June 30, 2001

	<u>Men's Basketball</u>	<u>Other Sports</u>	<u>Nonprogram Specific</u>	<u>Total</u>
<b><u>Expenditures</u></b>				
Salaries				
Coaches	\$ 217,924	\$ 439,676	\$ -	\$ 657,600
Other	10,988	37,321	487,478	535,787
Graduate Assistantships	-	11,292	12,268	23,560
Fringe Benefits	55,673	118,018	111,128	284,819
Financial Aid	139,896	523,533	17,180	680,609
Telephone	6,358	14,629	22,966	43,953
Repairs	-	423	8,077	8,500
Printing and Advertising	4,727	6,103	61,430	72,260
Contractual Services	19,939	63,147	94,652	177,738
Food Services	1,163	2,057	28,897	32,117
Travel				
Team	51,611	281,709	13,341	346,661
Recruiting	20,687	50,831	-	71,518
Other	3,554	9,696	19,264	32,514
Uniforms	1,537	53,387	5,964	60,888
Rents	450	5,140	7,306	12,896
Insurance	-	213	41,160	41,373
Dues, Licenses, and Subscriptions	2,309	2,491	26,355	31,155
Awards	-	-	14,605	14,605
Equipment and Supplies	9,596	46,989	103,542	160,127
Purchases For Resale	-	4,306	31,934	36,240
Guarantees	4,750	6,571	-	11,321
Postage	1,772	3,607	18,594	23,973
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Total Expenditures	552,934	1,681,139	1,126,141	3,360,214
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Transfers Out For Debt Service	-	-	237,821	237,821
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(Deficit) Excess Revenues (Under)				
Over Expenditures and Transfers	\$ (211,009)	\$ (1,526,932)	\$ 2,015,487	\$ 277,546
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See accompanying note.



**WINTHROP UNIVERSITY**  
**INTERCOLLEGIATE ATHLETICS PROGRAM**

Note to Statement  
June 30, 2001

**NOTE ONE - CONTRIBUTIONS**

Contributed support from the Winthrop Foundation, an outside organization, in the amount of \$ 234,776 results from the Foundation making or committing to make expenditures on behalf of the Intercollegiate Athletics Program for items such as athletic scholarships and equipment. This amount is more than ten percent of the total contributions received for intercollegiate athletics during the year ended June 30, 2001. No other contributions, from individual sources, in excess of the ten percent were received during the fiscal year.